[English]

Foreign Capital

371. KUMARI UMA BHARATI :
SHRI SATYA DEO SINGH :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government propose to make the rules flexible in order to mobilise foreign capital,

(b) if so, the details thereof,

(c) the time by which final decision is likely to be taken in this regard, and

(d) the additional capital investment likely to be made in the country as a result of making the relevant rules flexible?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) : (a) to (c). With a view to increase the mobilisation of foreign capital in the international capital market, and on the basis of periodic review and assessment o
the current economic situation, the Government has announced on 19th June 1996, through a Prass Note, revised Guidelines, for Euro issues by Indian Companies The Guidelines, inter-alia provide for

(i) Relaxation in track record requirement for Indian Companies raising Euro issues to finance investments in infrastructure projects,

(ii) Removal of restriction on the number of Euro issues which may be floated by a company or Group of companies in a financial year,

(iii) Broadening the areas of deployment of issue proceeds,

(iv) Permitting Banks Financial Institutions and Non-Banking Finance Companies (registered with Reserve Bank of India) to float GDR issues with the restriction that the issue proceeds shall not be deployed in stock markets and real estate sector.

(d) The international investors perception and interest in, Indian scrips is a function of several variables, including exogenous factors like the movements in United States interest rates attractiveness of other emerging market equities performance of the international capital markets etc Accordingly while the Government's ongoing efforts are intended to attract more investments in the Indian Industry, no precise estimates are possible on the amount of additional inflows of capital consequent to the announcement of the guidelines

[Translation]

World Bank Loan for Bihar

372. SHRI VIRENDRA KUMAR SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether any proposal has been sent to the World Bank for loan for the development projects;

(b) if so, whether the World Bank recently has agreed to give loan for the development schemes of Bihar, and

(c) if so, the names of such projects and amount of loan to be provided to the State Government?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) : (a) to (c) Apart from ongoing projects in Bihar with World Bank assistance, proposals for possible World Bank financing for Bihar Forestry Project, Subernrekha Irrigation Project, Bihar Primary Education Project and Reform and Restructuring of Bihar State Electricity Board are at various stages of processing. The details including the amount for these projects will be known only after the finalisation of aid negotiations with the World Bank.

[English]

FERA Violation in Urea Scam

373 SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state :

(a) whether any investigation had been made by the Reserve Bank of India and his Ministry into the affairs of State Bank of India, New Delhi violating the Foreign Exchange Regulation Act (FERA) norms in the Rs 133 crore Urea Import scam; and

(b) if so, the details thereof?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P CHIDAMBARAM) (a) and (b) Some officers of the State Bank of India (SBI) have been examined by the Enforcement Directorate in this connection Reserve Bank of India (RBI) has also conducted a snap inspection of SBI's South Extension (New Delhi) branch. Four officials of SBI have been placed under suspension

Prices of essential Commodities

374 SHRI HARIN PATHAK Will the Minister of FINANCE be pleased to state

(a) whether the process of liberalisation has any relation with the rise in the prices of essential commodities, and

(b) if so, the measures taken to counter the adverse effect of liberalisation on prices of essential commodities?